

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

May 23, 2002

T. Arthur Scott, Esq.
Hunter Smith & Davis
Law Center - 1212 North Eastman Road
Kingsport, Tennessee 37664

Re: Kingsport Power Company Application Requesting Findings Under 15 U.S.C. § 79z-5a(c) and Representations Under Securities and Exchange Commission Policy

Docket No. 02-00190

Dear Mr. Scott:

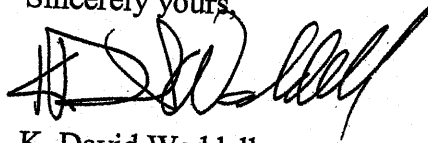
On April 5, 2002, in response to the above-referenced Application filed by Kingsport Power Company on February 22, 2002, the Tennessee Regulatory Authority sent a letter to the Securities and Exchange Commission regarding the findings and representations requested in Kingsport's Application. In its letter, the Authority stated that because the Authority's regulation of Kingsport's rates for electric power does not extend to Kingsport's wholesale rates, 15 U.S.C. § 79z-5a(c) did not appear to require a response by the Authority to Kingsport's request for certain findings with regard to exempt wholesale generator status for generation facilities listed in an attachment to the Application.

After further discussion of this matter with you and with the SEC and the Federal Energy Regulatory Commission, the Authority acknowledges that 15 U.S.C. § 79z-5a(c) does require a determination by the Authority regarding the designation of the listed facilities as EWGs, because the EWGs in question are owned by an affiliate of Kingsport and the Authority regulates Kingsport's retail rates. The Authority further understands that such determination should be reported to the FERC.

In order that the Authority can make the required determination based upon sufficient information, the Authority requests that Kingsport supplement the statements on page 5 of its Application concerning benefit to consumers and the public interest. The Authority's findings should speak specifically to Tennessee consumers and the public interest with regard to Tennessee. The statements contained in Kingsport's Application, while directed toward the consumer benefit and public interest questions, are of a general nature and do not specifically address Tennessee consumers. Therefore, Kingsport

should supplement those statements with a discussion, containing detailed factual support, that focuses on how the proposed designation benefits Tennessee consumers and is in the public interest with regard to Tennessee. Specifically, Kingsport is requested to provide information regarding the effect, if any, that the proposed designation may have on retail prices for electric power and reliability in Tennessee. Kingsport is requested to provide this supplemental information no later than June 10, 2002.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'K. David Waddell', written over a horizontal line.

K. David Waddell
Executive Secretary